



Department of Defense DIRECTIVE

NUMBER 7060.1

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ASD(Comp)

SUBJECT: Department of Defense Transactions Entering the International Balance
of Payments

References: (a) BoB Circular A-58, Rev., "Estimates and Reports on International
Transactions," April 12, 1968
(b) BoB Circular A-65, "Reports to the Department of Commerce on
International Transactions," March 5, 1968

1. PURPOSE

To establish policies and assign responsibilities for the Department of Defense program for the management and control of transactions entering the international balance of payments.

2. BACKGROUND

During the past several years, there has been a continuing deficit in the United States balance of payments. In view of the magnitude of Department of Defense transactions which enter the international balance of payments, it is essential that Department of Defense programs be continually reviewed and, consistent with the national interest, managed with the objective of reducing the United States deficit. Department of Defense payments and receipts which enter the international balance of payments include transactions such as those with foreign governments, foreign nationals, foreign corporations, foreign subsidiaries and branches of United States corporations, international organizations, and the personal expenditures in foreign countries of Defense Department military and civilian personnel and their dependents.

3. APPLICABILITY

The provisions of this Directive apply to all components of the Department of Defense.

4. RESPONSIBILITIES

4.1. The Assistant Secretary of Defense (Comptroller) is responsible for the direction and coordination of the Department of Defense program for balance of payments matters, including:

4.1.1. Development and issuance of the programming, budgeting, accounting, and reporting procedures required for management within the Defense Department of international balance of payments transactions and for meeting the reporting requirements imposed in this area by other governmental agencies and international organizations.

4.1.2. Establishment of control measures necessary for effective management of Defense transactions entering the international balance of payments.

4.1.3. Such other actions as are necessary to meet the objectives of the program.

4.2. The Secretary of each military department and the head of each other component of the Department of Defense will:

4.2.1. Assure that responsibilities for all aspects of the management and control of transactions entering the international balance of payments area are clearly defined, assigned, and understood within his organization.

4.2.2. Take all feasible steps within his assigned area of responsibility, consistent with the national interest and Department of Defense policy, to reduce payments and increase receipts entering the international balance of payments.

4.2.3. Recommend to the Assistant Secretary of Defense (Comptroller) those measures which are beyond his own authority to effect, but which are believed to be feasible and which would serve to reduce the United States balance of payments deficit.

5. POLICIES

5.1. General

5.1.1. The Department of Defense program for the management and control of transactions entering the international balance of payments will include a programming, budgeting, accounting, and reporting system. This system will provide for:

5.1.1.1. Estimating future payments and receipts by each Department of Defense component.

5.1.1.2. Establishing appropriate controls.

5.1.1.3. Accounting for payments and receipts.

5.1.1.4. Department of Defense-wide reporting on transactions.

5.1.1.5. Evaluation and explanation of deviations between estimates and actual payments and receipts.

5.1.2. The system will utilize uniform criteria, definitions, and procedures.

5.1.3. The elements of this system will be an integral part of the over-all system of management within the Department of Defense.

5.2. Estimates

5.2.1. Estimates submitted by the Department of Defense components will be consistent with approved programs and policies, including those relating to deployment of military forces overseas and the procurement of goods and services in support of military forces and military assistance. Estimates will reflect measures taken to reduce payments and increase receipts in accordance with Department of Defense policies.

5.2.2. Estimates submitted by each Department of Defense component will form the basis for:

5.2.2.1. Considering balance of payments impact involved in Department of Defense financial plans, budget estimates, and changes to the Five

Year Defense Program.

5.2.2.2. Developing over-all Department of Defense balance of payments estimates to be submitted to the Bureau of the Budget under the provisions of Bureau of the Budget Circular A-58 (Reference (a)).

5.2.2.3. Reporting estimates to other agencies and international organizations.

5.2.3. Estimates submitted by Department of Defense components will identify transactions for designated countries, geographical areas, or international organizations, as well as for the over-all total.

5.3. Accounting and Reporting

5.3.1. The accounting and reporting of transactions entering the international balance of payments will, insofar as practicable, be an integral part of existing financial accounting and reporting systems.

5.3.2. The determining of transactions which enter the international balance of payments will be in accordance with uniform criteria to be prescribed in applicable Department of Defense issuances.

5.3.3. Each transaction will be identified with a country, geographical area, or international organization, as appropriate.

5.3.4. Reports of actual transactions will be used to:

5.3.4.1. Review progress in achieving programs to reduce the adverse balance of Department of Defense transactions entering the international balance of payments.

5.3.4.2. Meet the reporting requirements of outside agencies and international organizations, including the North Atlantic Treaty Organization and the South East Asia Treaty Organization.

6. EFFECTIVE DATE

This Directive is effective upon publication.

A handwritten signature in black ink, reading "Robert S. McNamara". The signature is written in a cursive, flowing style with a large initial "R".

Secretary of Defense